

Message Text

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FM AMCONSUL MILAN

TO AMEMBASSY ROME

INFO SECSTATE WASHDC 5889

C O N F I D E N T I A L SECTION 1 OF 2 MILAN 0365

EO 11652: GDS

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SUBJECT: CABLE FROM VARESE - MARCH 7, 1978

1. SUMMARY. VARESE, ITALY'S MOST INDUSTRIALIZED PROVINCE, IS STILL HEAVILY CATHOLIC AND CHRISTIAN DEMOCRATIC, AND COMMUNISTS THERE ARE MIGHTILY DISTRUSTED BY 70 PERCENT WHO DON'T VOTE FOR THEM. BUT NOT AS MUCH AS BEFORE. END SUMMARY.

2. VARESE, AT FOOT OF SWISS ALPS AND SECOND HOME FOR NUMBER OF WEALTHY MILANESE, GAINS MORE OF ITS INCOME FROM INDUSTRY - AND HAS HIGHER PROPORTION OF WORKERS IN INDUSTRY - THAN ANY PROVINCE IN ITALY. ECONOMIC OFFICER AND DPO VISITED VARESE CITY TO SEE SITUATION IN WAKE OF DECEMBER RESHUFFLE THAT GAVE PCI SLIGHTLY BIGGER SAY IN ALREADY EXISTING LEGISLATIVE AGREEMENT WITHNPLURALITY :

AND FOUR OTHER PARTIES. THEY SPOKE WITH PREFECT, MAYOR, PROVINCIAL SEC'YS OF THREE MAJOR PARTIES AND THREE TRADE UNIONS, NEWSPAPER EDITOR, HEADS OF INDUSTRIALISTS ASSOCIATION, TWO BANKS, PROVINCIAL TOURIST DIRECTOR, AND LARGE MILITARY AIRCRAFT MANUFACTURER.

3. VARESE'S ROBUST ECONOMY IS DOING WELL DESPITE SEVERAL FACTORY SHUTDOWNS AND HARD TIMES FOR AILING TEXTILE INDUSTRY.
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1977, ACCORDING TO CISL SECRETARY, SAW START-UP OF ONE THOUSAND NEW COMPANIES (MOSTLY TWO-THREE EMPLOYEE OPERATIONS) AND OVERALL ADDITION OF 700 JOBS IN PROVINCE. EXPORTS CONTINUED HIGH. TOURISM, VARESE'S NUMBER ONE INDUSTRY, BROUGHT IN NEARLY ONE HUNDRED MILLION DOLLARS. AND SEVEN DEFENSE INDUSTRIES - LIKE AERO-MACCHI (MILITARY AIRCRAFTS) AND AGUSTA (HELICOPTERS) - FURTHER STABILIZED LOCAL ECONOMY.

4. ON DOWNSIDE, FAILURE OF LARGE PAPER MANUFACTURER LATE LAST YEAR LAID OFF OVER THOUSAND WORKERS, HELPING TO SWELL UNEMPLOYED FROM 8,000 TO 15,000, STILL RATE OF ONLY 3-4 PERCENT. AND UNEMPLOYMENT INSURANCE PAYMENT HOURS WERE UP SEVERAL FOLD OVER PREVIOUS YEAR. BIG PART OF TROUBLE WAS IN TEXTILE INDUSTRY, STILL REELING FROM 1977'S SHARP DROP IN DOMESTIC DEMAND.

5. BUT FUTURE LOOKED GOOD - ONLY PSI SECRETARY CLAIMED TO SEE CAUSE FOR WORRY AND THAT NOT BECAUSE OF PRESENT SITUATION BUT FOR WHAT MIGHT HAPPEN AHEAD. DEVALUED LIRA SHOULD MEAN ANOTHER EXCELLENT TOURIST YEAR AS SWISS AND GERMANS FLOCK DOWN TO SPEND THEIR OVERHEALTHY CURRENCIES. SAME MECHANISM SHOULD CONTINUE TO BENEFIT VARESE RETAILERS AS MORE AND MORE SWISS CROSS BORDER TO BUY IN LESS COSTLY ITALIAN SHOPS. AND WEAK DOLLAR AND STRONG EUROPEAN CURRENCIES SHOULD CONTINUE TO BENEFIT MUCH OF VARESE INDUSTRY.

6. POLITICALLY, THERE HAS BEEN MOVEMENT OF LATE. ALTHOUGH DC IS VARESE'S LARGEST PARTY (41 PERCENT OF PROVINCE VOTE IN 1976 AND 17 OF 40 COUNCIL SEATS IN CITY), PARTY PRECIPITATED DECEMBER RESHUFFLE OF CITY GIUNTA THAT GAVE PCI MORE SAY THAN BEFORE IN ELABORATING LEGISLATIVE PROGRAM. REASON FOR DC MOVE, ACCORDING TO EVERYONE BUT SOCIALISTS, WAS SOCIALISTS. DC, SAID 30 YEAR VETERAN NEWSPAPER EDITOR, GOT TIRED OF HAVING ITS COALITION PARTNERS AGREE TO ONE POSITION ON GIUNTA AND THEN ATTACK IT IN CONFIDENTIAL

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OPEN COUNCIL. OTHERS SPOKE OF GENERATIONAL CONFLICT WITHIN DC. AT ANY RATE DC AAYOR MARIO OSSOLA, BROTHER OF MINISTER OF FOREIGN TRADE AND 20 YEARS IN JOB, TURNED OVER MAYORSHIP TO YOUNGER COMUNIONE E LIBERAZIONE COLLEAGUE AND RETIRED TO SIDELINES. NEW MAYOR GIUSEPPE GIBILISCO AGREED THAT PSI HAD BEEN SIDING WITH PCI OPPOSITION IN CITY COUNCIL ON SOME QUESTIONS, AND SAID NEW ARRANGEMENT MEANT TO MAKE LEGISLATING SMOOTHER.

7. BUT HADN'T DC GONE A BIT FAR WITH COMMUNISTS, EVEN AGREEING TO FORM GROUP OF PARTY HEADS WHO WOULD OVERSEE WORK OF GIUNTA? NO, REPLIED MAYOR. AGREEMENT ON PROGRAM WITH PCI MEANT ONLY PROGRAM MAJORITY AND NOT POLITICAL MAJORITY. THUS IT WAS NOT AS "ADVANCED" AS NEW ARRANGEMENT IN ROME WOULD BE. AND GROUP OF PARTY HEADS WAS ONLY TECHNICAL, TIMESAVING MEASURE TO SOUND OUT PARTIES MORE QUICKLY WHEN PROBLEMS AROSE THAT WERE INSOLUBLE IN GIUNTA.

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8. PSI WAS, AS USUAL, PARTY WITH MOST PROBLEMS. BIGGEST WAS THE SPLIT INTO CRAXI-SIGNORILE AND MANCA-DE MARTINO CAMPS THAT HAD EMERGED FROM RECENT PROVINCIAL CONVENTION AND HAD PUT BRIGHT YOUNG PROVINCIAL SECY EMMANUELE DUCROCCHI - NA MANCA-DE MARTINO MAN-IN MINORITY POSITION. SPECULATION ABOUNDED THAT HE MIGHT RESIGN AND HE CONFIDED TO US THAT HE WOULD PROBABLY SOON BE LEAVING. THAT PUTS CONTROL OF VARESE PARTY IN HANDS OF GOOD GUYS AS FAR AS DC CONCERNED, AND DC EXPECTS SLIGHTLY EASIER SLEDDING AS RESULT.

9. VARESE PCI, WHICH APPEARS TO HAVE BEEN MOSTLY BY-STANDER IN CITY RESHUFFLE AND WHOSE PROGRESS OVER YEARS - EVEN ACCORDING TO ANTI-COMMUNIST EDITOR - HAS BEEN STEADY AND FAIRLY FRICTIONLESS, IS HEADED BY CORDIAL, FIFTYISH GIUSEPPE GATTI. HE IS FORMER FACTORY WORKER (FOR 20 YEARS) WHO GOT INVOLVED WITH UNIONS AND EVENTUALLY QUIT TO WORK FOR PARTY, WHERE HE HAS BEEN FOR 18 YEARS, LAST SIX AS VARESE SECY. GATTI DOWNPLAYED FORMAL ADVANCE THAT PCI HAD MADE AT CITY LEVEL AND SAID C&L GROUP NOW DOMINANT IN DC WAS

ACTUALLY HARDER TO DEAL WITH THAN OLD POLITICS TYPIFIED BY OSSOLA. BUT RELATIONSHIP WITH DC WAS NOT TERRIBLE PROBLEM. CATHOLIC RESURGENCE? AND HOW. GATTI STRESSED THAT SCHOOL ELECTION VICTORY BELONGED TO CATHOLICS NOT DC.

10. WASN'T GATTI AFRAID THAT NEW CONSERVATIVE PCI MAGE WAS CAUSING
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PARTY TO LOSE VOTERS ON LEFT? THAT WAS HAPPENING, HE AGREED, BUT INVOLVED ONLY A FEW EXTREMISTS AND STALINIST TYPES. AVERAGE WORKER MIGHT GRUMBLE ABOUT PCI MODERATION BUT HE HAD NO PLACE ELSE TO GO. TO LEFT OF PCI THERE WERE NO PARTIES, ONLY PROTEST GROUPS.

11. GATTI CLAIMED VARESE PCI OPERATION WAS OPEN BOOK AND INVITED

MORE QUESTIONS, BBON THE MOST DELICATE MATTERS". WITHOUT WAITING FOR ANY, HE SAID VARESE PARTY WAS WHOLLY SELF-FINANCED, LIVING OFF 20,000 LIRE ANNUAL DUES FROM MEMBERSHIP (92 313,500) PLUS EARNINGS FROM LOCAL FESTIVALS. MEMBERSHIP WAS STILL GOING UP EVERY YEAR.

12. EXAMPLE OF POLITICAL ISSUE THAT DIVIDES PCI FROM DC WAS PROVIDED BY MAYOR, WHO SAID PERRENNIAL PROBLEM OF WHETHER CITY SHOULD TAKE OVER NURSERY SCHOOLS FROM CATHOLIC NUNS WOULD SOON COME UP AGAIN. DC WAS PREPARED TO COLLECT SIGNATURES AGINAST WHAT PARTY WAS CONVINCED WAS UNPOPULAR PROPOSAL. PSI WAS MOST ADAMANT THAT CITY MOVE IN. BUT WITH PCI HE THOUGHT ARRANGEMENT COULD BE REACHED TO PUT DECISION OFF INTO FUTURE - AS IT ALWAYS HAD BEEN.

13. PERHAPS MOST INTERESTING CONCLUSION TO BE DRAWN FROM DAY IN VARESE IS THAT COMMUNISTS - IN WHOSE CLAIMS OF MODERATION PREFECT, EDITOR AND INDUSTRIALISTS' ASSOCIATION HEAD PROFESSED ABSOLUTE NON-BELIEF AND CLOSE TO WHOM COMUNIONE AND LIBERAZIONE CHRISTIAN DEMOCRATS ARE CETTAINLY NOT- WERE SLOWLY GAINING ACCEPTANCE ALL THE SAME WITH THE VERY INSTITUTIONS THAT OPPOSED THEM. SLIGHTLY MORE FAVORABLE FORMULA AT CITY LEVEL - WHERE DC IS LARGE PLURALITY - WAS ONE SIGN. ANOTHER WAS INCIPIENT DIALOGUE BETWEEN PCI AND INDUSTRIALISTS ASSOCIATION. COMMUNISTS HAD LONG TRIED TO ENTICE ASSOCIATION INTO MEETING AND BUSINESSMEN HAD RECENTLY AGREED FOR FIRST TIME, ACCORDING TO PCI SECRETARY. NEWSPAPER EDITOR SAID HE USED TO EXCLUDE PCI COMPLETELY FROM HIS PAGES. NOW WHEN COMMUNISTS BROUGHT IN ITEMON CONFERENCE OR FESTIVAL, HE PRINTED IT. NOT, MIND YOU, BECAUSE HE BELIEVED WHAT THEY SAID, BUT , WELL, TIMES WERE CONFIDENTIAL

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CHANGING. ONLY PRFECT REMAINED ABSOLUTELY UNMOVED REGARDING PCI. HE WAS FROM BOLOGNA AND KNEW THE OLD STALINIST TYPES - THOUGH HE ADMITTEDHE KNEW NO YOUNGER COMMUNITIS.

14. THUS PCI IS SLOWLY, GRUDGINGLY, GAINING ACCEPTANCE IN CATHOLIC VARESE, WHERE IT STILL HAS, HOWEVER, LONG WAY TO DO.FINA

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